

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	
FILING OF JOHNSON COUNTY GAS)	CASE NO. 10415-Z
COMPANY, INC.)	

O R D E R

On April 24, 1991, in Case No. 91-004, the Commission approved adjustments to the rates of Johnson County Gas Company, Inc. ("Johnson County") on a quarterly basis in accordance with the Gas Cost Adjustment ("GCA") Clause set forth in the Order.

On May 31, 1996, Johnson County filed its GCA to become effective from July 1, 1996 to October 1, 1996.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Johnson County's notice of May 31, 1996 proposed rates designed to pass on its decreased wholesale gas costs to its customers. Johnson County's expected gas cost ("EGC") is \$4.0380 per Mcf.

2. Johnson County's notice set out no refund adjustment. It neglected to reflect a refund adjustment of 1.9 cents per Mcf to return refunds from a previous quarter. The total refund adjustment should be 1.9 cents per Mcf.

3. Johnson County's notice set out a current quarter actual adjustment ("AA") of 84.2 cents per Mcf to collect under-recovered gas cost from January, February, and

March 1996. The proposed total AA of 95.9 cents per Mcf reflects the current under-recovery as well as under- and over-recoveries from previous quarters.

4. Johnson County's notice set out a current quarter balance adjustment ("BA") of (.45) cent per Mcf. Johnson County's total BA of .65 cent per Mcf reflects the current and three previous quarters' BAs.

5. These adjustments produce a gas cost recovery rate of \$4.9845 per Mcf, 16.35 cents per Mcf more than the prior rate.

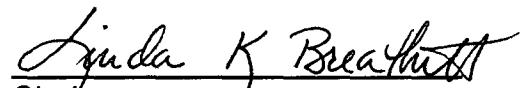
6. The corrected rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after July 1, 1996.

IT IS THEREFORE ORDERED that:

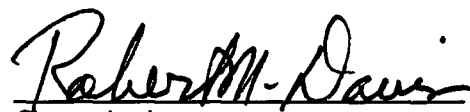
1. The rates proposed by Johnson County are hereby denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after July 1, 1996.
3. Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 26th day of June, 1996.

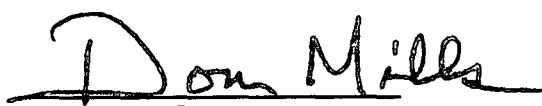
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10415-Z DATED JUNE 26, 1996

The following rates and charges are prescribed for the customers served by Johnson County Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge			\$3.00
All Mcf	\$2.9871	\$4.9845	\$7.9716

A surcharge of \$.4155 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged, or is recalculated.